

Advisory Commission on Intergovernmental Relations

Legislative Office Building, Hartford, Connecticut

Friday, March 1, 2019

Members Present: Carl Amento, Maureen Brummett, Kathleen Demsey, John Filchak, Martin Heft, Barbara Henry, Marcia Leclerc, James O'Leary, Neil O'Leary (Chair), Leo Paul, Lon Seidman, Scott Shanley, Joyce Stille, Ron Thomas, Lyle Wray (Vice Chair)

Members Absent: Sen. Stephen Cassano, Sam Gold, Lee Sawyer, Jim Watson

Others: Tom Banisch (alternate)

ACIR staff: Bruce Wittchen

1. Call to Order

Commission chair Neil O'Leary called the meeting to order at 10:30.

2. Consideration of the draft minutes of the February 1, 2019 meeting

A motion was made and seconded to approve the [2/1/2019 minutes](#) and the motion was approved unanimously.

3. Consideration of ACIR reports

ACIR annual report: [2015-2016](#), [2016-2017](#)

Commission chair Neil O'Leary asked Bruce Wittchen to describe the reports and Bruce explained that these had been completed the beginning of last year and had been on an agenda for members' consideration, but weren't approved. He noted that it was a period when a number of meetings were canceled or lacked a quorum and the reports slipped through the cracks. He said he later started a draft of a 2017-2018 report, but it is not complete yet.

Bruce said the ACIR's annual reports currently only mention some details from the ACIR's mandates and municipal budget reports, but used to do more when the group did annual research projects. He noted that legislation to be discussed later in this meeting would make the ACIR's annual reports much more meaningful and also include work plans. Bruce pointed out that the drafts under consideration will be updated with the current date and list of members. A motion was made and seconded to approve both reports, updated as described, and the motion was approved unanimously.

4. Old Business

a. 2019 Legislative Session

Commission vice-chair Wray said [HB 7192](#) follows recommendations of the report from the Lamont transition's shared services committee and noted that he has spoken with OPM's Jonathan Harris about expanding the role of the ACIR. He pointed that the ACIR can do more even without legislative changes, noting that the group can provide recommendations regarding the impending retirement boom, perhaps based on an Opportunities and Threats analysis.

Commission vice-chair Wray recommended that the state request assistance from the [Federal Reserve Bank of Boston](#), which has previously researched CT fiscal issues. He noted that there is a 1-2 year lead time on such work, which must be requested by the Governor. [UConn's Department of](#)

[Public Policy](#), based at the Hartford campus, also has significant research capabilities and mentioned [Mohamad Alkadry](#)'s interest.

Commission vice-chair Wray said the state should reconsider how the state provides retail-level services, such as those at the DMV, which could be provided by town halls. The ACIR is the place for discussing and vetting such ideas. He added that OPM needs further resources for its intergovernmental division and said we need a "plan to plan to do."

Commission chair Neil O'Leary said he is glad that these conversations are happening and said more staffing support is needed at OPM. Commission member Filchak said the process won't succeed without the needed resources. He acknowledged the potential roles for the Federal Reserve Bank of Boston and UConn's Dept. of Public Policy and said there are potential revenue sources that can reinvigorate OPM's [Intergovernmental Policy & Planning](#) (IGPP) Division. He said HB 7192 incorporates recommendations arising from recent discussions, but added that the state's [Regional Education Service Centers](#) (RESCs) should also be represented on the ACIR.

Commission member Filchak also suggested that municipal representation be changed. There currently are representatives of towns having a population of 20,000 or less, towns having a population of 20,000 to 60,000, and towns having a population of 60,000 or more. He said this does not fairly represent the number of small towns, and recommended the categories instead be towns having a population of 10,000 or less, towns having a population of 10,000 to 30,000, towns having a population of 30,000 to 60,000, and towns having a population of 60,000 or more. There would not necessarily be more municipal representatives, but they would be allocated differently. Commission member Paul said the [CT Council of Small Towns](#) (COST) should have equal representation with the [CT Council of Municipalities](#) (CCM). Commission member Filchak said he believes the ACIR should also include someone representing a public policy research center.

Commission member Filchak said he agrees the ACIR can do more even without legislative changes, but it would be better to have additional structure. He mentioned the state's [Regional Performance Incentive Program](#) (RPIP) and said it has no structure or reporting. Each COG receiving funding for GIS approached it in a different way, but there was no reporting or review. State agencies do the same. There should be more structure and followed by a review to determine what works.

Commission member Paul said he is unsure about creating procedures that would dictate to COGs. Commission vice-chair Wray mentioned a discussion with then-OPM Undersecretary Scott Jackson and said it would be appropriate for the state to have funding priorities. The ACIR could identify those priorities. Commission member Paul expressed his concern about unnecessarily limiting COGs' options and Commission member Filchak said the ACIR has the right balance for such a role.

Commission vice-chair Wray said the alternative to such prioritization is not good and agreed that ACIR meeting are the right place for such discussions. Commission member Seidman said coordinating efforts can provide budgetary and leverage benefits and Commission vice-chair Wray noted that North Carolina can get a better deal in one statewide contract with a company such as [PowerSchool](#) than CT will with 100 individual school district contracts.

Commission member Filchak said the ACIR can do more with its mandates reporting, with a more detailed fiscal review considering differing impacts based on the sizes of towns affected and looking further into the future. Commission member Stille said the ACIR can do all these things with more support and Commission member Paul said he is not against such roles, but we should be cautious.

Commission chair Neil O'Leary said the ACIR has had similar conversations for years and can do nothing more than continue talking if OPM does not provide more support. Commission member Heft said OPM is discussing how to provide that support by reassigning staffing and strengthening the ACIR. Commission chair O'Leary said there is a critical need for more staffing. Commission

vice-chair Wray said additional support can come from outside OPM. He noted that MA had Federal Reserve Bank of Boston staff in their offices to assist and said we need to bring in the right expertise. There was further discussion of what is needed and funding options.

Commission member Filchak said that, without added resources, this effort will lack critical mass. MA set out to do much more. He noted that the author of HB 7192 had an aversion to the word *regionalization*. Commission chair Neil O'Leary asked what the group would like to recommend. Commission vice-chair Wray said the ACIR should support the bill and identify any issues or concerns, not just wait for something to happen.

Commission chair Neil O'Leary said he is happy to submit testimony as chair, but it would be better if other members also testify. Commission member James O'Leary said leaving this to the Governor's office and OPM can limit the agenda because the legislature defers too much to them. The ACIR can bring things forward, but requires cooperation from the Governor and legislature. The ACIR has the right culture for such a role.

Commission member Brummett asked if the group can identify topics to bring back to those who the ACIR reports to. She thinks the group needs to maintain focus. Commission chair Neil O'Leary said the topics that members are interested in line up well with the list of 13 topics proposed in Subdiv. (c) of HB 7192. Is there anything else that members think should be added or anything that members think should not be in there?

Commission member Filchak said Sec. 7 of HB 7192 creates and assigns task to a Commission on Shared School Services, which appears to be a duplication of effort. He would like to eliminate that if it is not needed. Jonathan Harris said those sections are included in HB 7192 as a technicality of drafting legislation. He said that commission is intended to focus on schools, while the ACIR's focus is on municipalities, with consultation between the groups to limit silo mentality. Commission member Filchak said that approach can still create barriers and he believes the ACIR can address municipalities and schools.

Commission vice-chair Wray said the state should focus on delegating retail-level agency services to towns and also on devolving some transportation, public works, or other responsibilities. Jonathan Harris said there has been no specific mapping of how the state expects to accomplish its goals; that is being left to this group and others. He agreed that municipalities might increasingly become the front counter for state services. The ACIR can suggest other areas of inquiry and be part of the discussion of work plans.

Commission vice-chair Wray said we should consider opportunity areas, keeping in mind the three pillars of being effective, efficient, and responsive. He noted the references to digital government in the [Governor's State of the State address](#). Jonathan Harris mentioned that the state is not only interested in service sharing or consolidation for the purpose of reducing costs, but also from the perspective of the quality of services provided.

Commission member Stille said resident state trooper retirements will force small towns to consider other options and take action to maintain law enforcement. Commission member James O'Leary said the Three Pillars approach is helpful, but one size will not fit all. This seems difficult for the legislature to grasp. There was a discussion of alternative approaches for providing services locally and Commission member James O'Leary said it will be important to avoid increasing the mish-mash of regional geographies. Regional entities should be oriented around COGs.

Jonathan Harris mentioned Commission member Filchak's well-known presentation regarding the state's large number of regional geographies and noted the interest in maintaining local assessors' data at a broader level. Commission member Paul said he is impressed by Jonathan Harris' previous reference to quality. Customer service is #1, even if it costs a little more, but he noted that

there is opposition to any increase in cost. Jonathan Harris said losing the focus on quality leads to a race to the bottom. We would like to change 1½ hr waits for service to a 5 minute wait.

Commission member Henry said new volunteers are not joining the ranks of local emergency services. Regionalization should not degrade services and she said probate court regionalization did. We should pick things, such as emergency services or back office operations, which more clearly might benefit from regionalization. There was a discussion of the desire to not lose the significance of the state's towns and neighborhoods in making any such changes.

Commission member Shanley said the reconstituted ACIR has to make the case for change. He said people seem to no longer identify with the state as a whole. The sense of identity is with people's individual community or group, not with the state. This makes it difficult to gain support for providing services at a broader level.

Commission chair Neil O'Leary said the ACIR looks forward to its increased role and administrative support and asked what the state wants the ACIR to do and what resources are available. Jonathan Harris thanked everyone for their interest and said the state envisions a bottom up process. He can offer more OPM staff support, but also some funding and some power for the ACIR to guide how state funding is used.

Commission chair Neil O'Leary said members will support the bills and asked members to send suggested testimony by way of Bruce. Commission member Leclerc said there should be further consideration of the make-up of the ACIR and said it would be beneficial to add someone with a financial background. Commission member Filchak asked whether, in addition to adding people with needed backgrounds to the ACIR, would it be possible to get support from staff of the legislature's [Office of Fiscal Analysis](#) (OFA) and [Office of Legislative Review](#) (OLR)? He noted that any such access would have to be off-session.

Commission member Thomas noted that the group can form subcommittees to address specific topics. He said the group is headed in a good direction, but should not focus only on sharing. It must continue to pay attention to the reform or elimination of mandates. There was further discussion of topics the ACIR might address, the formation of working groups, and of resource needs. Commission vice-chair Wray recommended that members provide any suggestions for changes to Bruce for forwarding to the rest of the group.

Commission member Shanley said he agrees with the recommendation to establish working groups. He noted that technology is underutilized and, to make progress, we need people who understand the capabilities either contributing through a working group or as an additional ACIR member. Commission vice chair mentioned the advantages of working groups that can include non-members.

Commission member Henry questioned having a completely separate Commission on Shared School Services. Commission member Seidman said there would be value in having some overlap between the members of that and this group. He also pointed out that the other group is to receive funding, unlike the ACIR. There was a discussion of bill hearing dates and Commission member Seidman said he will testify regarding SB 874. There was a discussion of the message the ACIR would like to convey to the Education Committee and Commission member Seidman said he will convey their desire for overlap between that commission and the ACIR.

b. 2/1/2019 presentation on Commission on Fiscal Stability & Economic Growth Report 2.0

There was a discussion of Bob Patricelli's presentation on behalf of the [Commission on Fiscal Stability and Economic Growth](#) (CFSEG) and of how the group narrowed its focus between its [3/1/2018 report](#) and the subsequent [Report 2.0](#). Commission chair Neil O'Leary said that group's members put their heart and soul into their work.

c. Other Municipal, Regional, or State Matters

Commission member Thomas said there are a variety of proposals that could have intergovernmental impacts. He mentioned state interest in requiring municipal contributions towards the Teachers' Retirement Fund and said a variety of reforms would be needed with that. Commission member Brummett said such proposals are problematic. She noted that her district receives more in Education Cost Sharing, but the desired pension contribution would eliminate their gain. Commission member Thomas noted that impacts would extend beyond the period of the biennial budget.

Commission chair Neil O'Leary described the binding arbitration process as he has experienced it and pointed out that it is impacted by decisions made about other contracts. He explained that some towns settle for more generous payments to avoid arbitration costs, but that has an impact on other municipalities' subsequent contracts. He said the process needs to be reformed.

Commission member Stille said any change in municipal funding obligations should be connected to other changes. Commission member James O'Leary pointed out that, by shifting costs to municipalities, the state is shifting burdens to the property tax, which impedes economic growth. There was a discussion of alternatives to state proposals and Commission member Stille said municipalities need to be able to account for such changes in their negotiations.

Commission member Paul said new teachers should be in Social Security and the municipal retirement plan. He said towns have no say over teacher pension funding and added that his municipal government and board of education have a very different approach to budgeting. Commission member Shanley said he is not advocating for shifting teachers' pension costs to the towns, but noted that boards of education make the decisions regarding school spending and are elected by the public. We cannot say that towns did not have a role because those are local decisions. Towns have to accept responsibility and come to terms with it.

Commission member Seidman noted the impact of "use it or lose it" requirements on education spending and said his board of education can now finish with a surplus without losing it. It allows funds to be used more creatively later. He added that if the proposed transfer of some liability for teacher pensions is going to happen, it should be done early so towns can react. There was a discussion of the tension between local boards and various structural issues they face. Commission member Paul recommended that there be a single financial office and there was further discussion.

5. New Business

a. Future Meeting Topics and/or Invitations

Commission chair Neil O'Leary said the group should consider inviting Brendan Sharkey to a meeting for a discussion of shared services and asked members who have other people in mind to let him know. Commission member Filchak mentioned that he has updated his presentation on the state's inconsistent regional geographies and he was asked to provide it to Bruce for circulation to other members. Commission chair Neil O'Leary asked if Commission vice-chair Wray can arrange for someone from the Federal Reserve Bank of Boston or UConn's Public Policy Dept to attend an ACIR meeting. Commission vice-chair Wray said he will look into it. Commission member James O'Leary said UConn's Professor Alkadry might be able to suggest other possible resources.

b. Other

6. Adjournment

The meeting was adjourned at 12:13

Minutes prepared by Bruce Wittchen, OPM